Mr. BRYAN. Mr. President, if I might respond, the Senator from Nevada needs about 5 to 6 minutes, but if that inconveniences the Senator from West Virginia, I am happy to wait. Whatever the Senator wishes.

Mr. BYRD. Mr. President, I ask unanimous consent I may speak for not to exceed 20 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I ask unanimous consent I may yield to the Senator from Nevada for not to exceed 5 minutes, without losing my right to the floor.

Mr. BRYAN. I appreciate that. That would accommodate the Senator from Nevada.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRYAN. Mr. President, let me preface my remarks by acknowledging the courtesy from the senior Senator from West Virginia. I appreciate his courtesy in allowing me to make a floor statement for a period not to exceed 5 minutes.

HOMEOWNERS' PROTECTION ACT OF 1997

Mr. BRYAN. Mr. President, yesterday in the Senate Banking Committee American consumers were dealt a major setback. The committee was expected to vote out legislation that would have ended a practice that costs hundreds of thousands of homeowners millions of dollars per year.

The Banking Committee was scheduled to vote out S. 318, the Homeowners' Protection Act of 1997 which is sponsored by Senators D'AMATO, DODD, DOMENICI, and myself. This bill would outlaw the practice of overcharging homeowners for private mortgage insurance they no longer need.

Unfortunately, Chairman D'AMATO was forced to cancel the markup because a number of Members put the interest of a small, yet highly profitable, industry over the public's interest. To make matters worse, this industry is clearly taking advantage of millions of Americans in an unconscionable manner.

The opponents of Chairman D'AMATO's legislation argue that the bill places too heavy a burden on this one industry. I do not share their opinion and believe the interests of millions of American homeowners should be put ahead of an industry that is clearly taking advantage of these same homeowners.

Those protecting the industry need to heed the advice of one of their colleagues, Congressman JAMES HANSEN. Let me share from Congressman HANSEN's observations:

> As a small businessman for most of my life . . . I have learned that if an industry polices itself, the government should not interfere. I firmly believe that the government should stay out of the private marketplace. However, when an industry does not follow even its own guidelines, I believe it is our responsibility to draw that line.

Now that comes, Mr. President, from one of our more conservative colleagues who serves in the other body.

I commend Chairman D'AMATO for his leadership in introducing this important legislation that will affect millions of homeowners. Let me indicate how important that is and how many people are affected.

In 1996, of the 2.1 million home mortgages that were insured, more than 1 million required private mortgage insurance. One industry group has estimated that at least 250,000 homeowners are either overpaying for this insurance or paying when it is totally unnecessary. At an average monthly cost of $30 to $100, unnecessary insurance premiums are costing homeowners thousands of dollars every year.

Now, clearly, private mortgage insurance serves a useful purpose in the initial mortgage lending process. It enables many home buyers who cannot afford the standard 20-percent downpayment on a home mortgage to achieve a dream of home ownership. While private mortgage insurance protects lenders against default on a loan, there comes a time when that protection afforded to the lender becomes unnecessary, and the point, it seems to me, is reached when the homeowner's equity investment in the residence gives the lender sufficient assurance against default.

The comfort level generally within the industry has been 20 percent. So it stands to reason that PMI is not necessary for risk management and prudent underwriting procedures once the homeowner has reached the 20-percent equity mark. Therefore, borrowers who amass equity equal to 20 percent of their homes' original value should be treated in the same way as borrowers who are able to make a 20-percent downpayment or more at the outset of the loan.

The Homeowners' Protection Act of 1997 would ensure that existing and future homeowners would not continue to pay for private insurance when it is no longer necessary. Specifically, this legislation would inform the borrower at closing about private mortgage insurance and outline how the servicer of the loan will automatically cancel the mortgage insurance, assuming the transaction is not exempt from cancellation when the loan balance reaches 80 percent of the original value.

Mr. President, there is no doubt that private mortgage insurance is an important tool in the American system of mortgage finance. However, retaining private mortgage insurance beyond its usefulness to the homeowner is a practice that should be ended. The Homeowners' Protection Act will prevent present and future homeowners from paying for private mortgage insurance that is no longer needed. This proposal will end the unfair practice and protect the consumer.

This legislation is supported by almost every consumer group, but also leading industry groups such as the American Bankers Association, the National Association of Realtors, and the National Association of Homebuilders.

I urge my colleagues to move forward on this important piece of consumer legislation and put the industry's objections below the overriding public interest. We must lift this unfair burden from American homeowners.

I thank the Chair. I thank my senior colleague from West Virginia for his courtesy. I yield the floor.

The PRESIDING OFFICER. The Senator from West Virginia.

COMMISSION TO ELIMINATE THE TRADE DEFICIT

Mr. BYRD. Mr. President, I am pleased to join with the distinguished Senator from North Dakota, Senator DORGAN, in introducing an ambitious new effort on the matter of our nation's persistent and growing trade deficit. This legislation would establish a Commission to take a broad, thorough look at all important aspects of, and solutions to the growing U.S. trade deficit, with particular attention to the manufacturing sector.

The trade deficit, as my colleagues know, is a relatively recent phenomenon, with large deficits only occurring within the last 15 years. In the 1980's, the U.S. merchandise trade balance ballooned from a deficit of $19 billion in 1980 to $53 billion in 1983, and then doubled in a year, to $106 billion in 1984. Last year it stood at $188 billion, setting a new high record for the third consecutive year. Projections by econometric forecasting firms indicate long term trends which will bring this figure to over $350 billion by 2007. No one is predicting a decline in the near future. If we do nothing, within 2 years the merchandise trade deficit will equal the annual budget for national defense.

To reiterate, in 1996 the United States had the largest negative merchandise trade balance in our history, some $188 billion, and it is the third consecutive year in which the deficit has reached a new record high.

This legislation is committed to a goal of reversing that trend of the next decade. The goal of the commission is to ''develop a national economic plan to systematically reduce the U.S. trade deficit and to achieve a merchandise trade balance by the year 2007.

While it is not clear what the particular reasons for this growing trade deficit may be, nor what the long term impacts of a persistently growing deficit may be, the time is overdue for a detailed examination of the factors causing the deficit. We need to understand the impacts of it on specific U.S. industrial and manufacturing sectors. Furthermore, we need to identify the gaps that exist in our data bases and economic measurements to adequately understand the specific nature of the